

February 1, 2012

To: Members of the Assembly Committee on Financial Institutions  
From: Sen. Glenn Grothman  
Re: Senate Bill 356

Thank you for taking the time to consider this simple and bipartisan bill.

Under current law, credit unions are limited to spending 0.5% of their regular reserves on donations and grants annually. State statutes do not appear to limit charitable giving of any other business, including cooperatives, in this manner.

SB 356 increases the limit to 1.0% of regular reserves annually, and creates a new requirement that charitable spending be “in the best interest of the credit union” and “reasonable given the size and financial condition of the credit union.” The local governing board will be responsible both to its members and to the Credit Union Review Board to ensure that these standards are met.

This bill passed the Senate unanimously, with wide bipartisan support. It will allow credit unions to be highly active in their communities in a manner consistent with the direction set by their boards of directors, which are elected from the general membership.

Thank you for your time. Please feel free to contact my office with any questions or concerns.



**State of Wisconsin**  
*Department of Financial Institutions*

Scott Walker, Governor

Peter Bildsten, Secretary

February 2, 2011

Representative Kramer  
Chair, Assembly Committee on Financial Institutions  
Room 115 West  
State Capitol  
Madison, WI 53708

Dear Chairman Kramer and Members of the Committee,

On behalf of the Department of Financial Institutions, thank you for the opportunity to provide information in regards to Senate Bill 356.

We are submitting this statement to provide background on the proposed change. Current law specifies a credit union may make donations and grants not to exceed .5 percent of its regular reserve within the year. This proposal would double that limit to 1 percent. In comparison, federally chartered credit unions do not have a cap on contribution limits.

Current law does not specify that the donation or grant must be approved by the state credit union's board of directors. Under this proposal, every donation or grant must be approved by the directors based on whether or not it is the best interest of the credit union and is reasonable given the size and financial condition of the credit union. This additional approval language reflects the statutory language that federal credit unions must comply with and codifies what we see as current practices during the examination process.

DFI is responsible for ensuring the safety and soundness of all of Wisconsin's credit unions for their members and the public. We review all of the actions taken by credit unions during our examination of the institutions and we are pleased with the addition of the board of director's approval language to the state statutes.

Again, thank you for allowing us to submit information in regards to Senate Bill 356.

Sincerely,

A handwritten signature in black ink, appearing to read 'E. Knight'.

Eric Knight  
Executive Assistant  
Department of Financial Institutions

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